

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AID-20 CIAE-00 FRB-02 INR-10

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SIL-01 OMB-01 AGR-20 NSC-10 SS-15 STR-08 CEA-02

DOT-00 L-03 H-02 PRS-01 PA-03 USIA-12 INT-08 RSR-01

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FM AMCONSUL LAHORE

TO SECSTATE WASHDC 9537

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AMCONSUL KARATHI

AMCONSUL PESHAWAR

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SUBJECT: PUNJAB ECONOMIC PRIORITIES

REF: LAHORE A-001, JANUARY 23, 1973; KARACHI 0230

BEGIN SUMMARY: IN MEETING WITH U. S. TRADE MISSION
PUNJAB FINANCE MINISTER DISCUSSED PUNJAB' S PLACE IN
OVERALL ECONOMY OF PAKISTAN, SKETCHED DIRECTION OF
FUTURE ECONOMIC DEVELOPMENT IN PROVINCE, AND SUGGESTED
AREAS IN WHICH U. S. BUSINESS SUPPORT OF DEVELOPMENT

GOALS WOULD BE ESPECIALLY WELCOME. THESE INCLUDED A
BROAD RANGE OF AGRICULTURAL AND AGRO- INDUSTRIAL INPUTS.
END SUMMARY.

1. ON APRIL 19, PUNJAB PROVINCIAL FINANCE MINISTER
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HANEEF RAMAY AND SENIOR OFFICIALS PROVINCIAL DEPARTMENTS

OF FINANCE, AGRICULTURE AND INDUSTRY HELD ONE HOUR MEETING WITH THE U. S. RAILROAD EQUIPMENT TRADE MISSION VISITING LAHORE. CONSUL GENERAL, DPO, AND COMMERCIAL ATTACHE ALSO PRESENT. MINISTER (A) GAVE BACKGROUND BRIEFING ON PUNJAB' S PLACE IN OVERALL ECONOMY OF PAKISTAN, AND (B) DISCUSSED PROVINCIAL AND CENTRAL GOVERNMENT STRATEGIES FOR DEVELOPING PUNJAB -- INCLUDING PRINCIPAL OBSTACLES TO PROGRESS, AND ALSO (C) PINPOINTED NUMBER OF PUNJAB' S NEEDS TO WHICH ATTENTION BY FUTURE U. S. TRADE MISSIONS AND U. S. PRIVATE INDUSTRY WOULD BE ESPECIALLY WELCOME.

2. MINISTER' S PRESENTATION COMPLETELY IN LINE WITH PREVIOUSLY REPORTED (LAHORE A-001) PUNJAB GOVERNMENT APPROACH TO PROBLEMS OF DEVELOPMENT. RAMAY DESCRIBED PUNJAB AS AGRICULTURAL HEARTLAND OF PAKISTAN, INDUSTRIALIZING AT SLOWER PACE AND TO LESSER EXTENT THAN WARRANTED BY ITS PRODUCTION OF RAW MATERIALS SUCH AS COTTON. PUNJAB FEELS IT HAS BEEN NEGLECTED IN PAST AND IS DETERMINED TO GET ITS " DUE SHARE" OF PAKISTAN' S FUTURE INDUSTRIALIZATION, PARTICULARLY AS REGARDS VALUE ADDED BY MANUFACTURING TO PUNJABI RAW MATERIALS. AT SAME TIME PROVINCIAL GOVERNMENT SUPPORTS CONCEPT OF UNITY OF ECONOMY OF PAKISTAN AND EXPECTS TO SEE LESS DEVELOPED PROVINCES RECEIVE FAIR SHARE OF NEW INDUSTRY. MINISTER NOTED RELATIVELY HAPPY RECORD OF LABOR- MANAGEMENT RELATIONS IN PUNJAB AND CITED GROWING SURGE OF PRIVATE INVESTOR CONFIDENCE AS SHOWN BY NUMEROUS RECENT REQUESTS FOR INDUSTRIAL CONSTRUCTION PERMISSIONS IN FIELDS OF COTTON TEXTILES AND LEATHER.

3. HIGHEST IMMEDIATE PRIORITY OF PROVINCE IS TO ACCELERATE PACE OF AGRICULTURAL DEVELOPMENT. NEXT COMES INDUSTRIES IN SUPPORT OF AGRICULTURE (FERTILIZERS, INSECTICIDES) AND INDUSTRIES ADDING VALUE TO PROVINCE' S PRIMARY AGRICULTURAL PRODUCTS (COTTON TEXTILES, LEATHER PROCESSING, COTTON GINNING). PUNJAB GOVERNMENT IS DETERMINED TO SEE PROVINCE INDUSTRIALIZE ALONG ABOVE MENTIONED LINES VERY QUICKLY WITH EVERY EFFORT TO SPREAD PURCHASING POWER AS BROADLY AS POSSIBLE IN RURAL AREAS. AT SAME TIME EVERY LIMITED OFFICIAL USE

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EFFORT WILL BE MADE TO ENCOURAGE NEW INVESTMENT IN THOSE NINE DISTRICTS OF THE PUNJAB (OUT OF A TOTAL OF 19) WHICH ARE ECONOMICALLY BACKWARD. GIVEN WIDESPREAD UNEMPLOYMENT IN REGION, PUNJAB GOVERNMENT WILL EMPHASIZE DESIRABILITY OF LABOR INTENSIVE INDUSTRIES AND WILL ATTEMPT TO SEE THAT AGRICULTUAL AND INDUSTRIAL JOB OPPORTUNITIES ARE SPREAD EQUITABLY THROUGHOUT THE PROVINCE.

4. IN COURSE OF ADDRESSING TWO THEMES OF GREATEST INTEREST TO TRADE MISSION (RAILWAYS AND URBAN MASS TRANSIT) MINISTER MADE NUMBER OF STRIKING OBSERVATIONS AND PARTICULAR APPLICATIONS OF HIS GENERAL LABOR INTENSIVE ECONOMIC DOCTRINE. THUS, TRACK MAINTENANCE IN FUTURE WOULD PROBABLY TEND TO BECOME INCREASINGLY MECHANIZED ON MAIN RAILWAY LINES WHILE REMAINING LABOR INTENSIVE ON SPURS WHERE LINES REQUIRED LOWER LOAD BEARING CAPACITY. HE VISUALIZES CONSTRUCTION OF ROAD NETWORK WITH HAND LABOR USED FOR CUTS AND REFILLS BUT SURFACING BY EFFICIENT MODERN MACHINES. PAKISTAN'S ORIGINAL RAILWAY AND TRANSPORTATION NETWORK WAS SET UP BY BRITISH ON BASIS OF MILITARY SECURITY NEEDS. TASK NOW WAS TO BUILD COMPLEMENTARY NETWORK OF ROADS AND RAIL LINES WITH VIEW OF OPENING INTERIOR OF COUNTRY TO SERVE ECONOMIC GOALS; E. G. ACCESS TO RECENTLY DISCOVERED COPPER DEPOSITS AND AGRICULTURAL AREAS. MINISTER MENTIONED HIGH-LEVEL CENTRAL AND PROVINCIAL GOVERNMENT INTEREST IN DEVELOPING SUBWAY AND/ OR RAPID TRANSIT SYSTEMS FOR LAHORE, KARACHI AND LYALLPUR, CITING IN PARTICULAR CENTRAL FINANCE MINISTER MUBASHIR HASSAN'S WARM SUPPORT FOR ELABORATE SCHEME OF ROUNDABOUTS, ELEVATED ROADS AND BRIDGES IN LAHORE.

5. IN RESPONSE TO QUESTIONS ABOUT WAYS U. S. BUSINESSMEN COULD SUPPORT PUNJAB'S ECONOMIC GOALS, MINISTER AND OTHER PROVINCIAL OFFICIALS SUGGESTED THAT FUTURE TRADE MISSIONS AND OTHER U. S. TRADE PROMOTIONAL EFFORTS CONCENTRATE ON AGRICULTURE, IRRIGATION AND AGRIBUSINESS. SPECIFIC NEEDS TO BE COVERED BY MISSIONS SHOULD INCLUDE TEXTILE EQUIPMENT, FERTILIZER, PESTICIDES, LEATHER PROCESSING EQUIPMENT, AND MACHINERY FOR COMPLETE FABRICATION OF TRACTORS, TRUCKS AND BUSES. PUNJAB GOVERNMENT OFFICIALS LIMITED OFFICIAL USE

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AGREED TO FURNISH CONGEN LAHORE WITH DETAILED SUGGESTIONS OF PRIORITY NEEDS.

6. COMMENT: MINISTER'S PRESENTATION WAS LUCID AND CONFIDENT. HIS ATTITUDE TOWARDS OBSTACLES IN PATH OF ECONOMIC DEVELOPMENT APPEARED TO BE THAT THEY WERE TROUBLESOME BUT COULD BE SURMOUNTED BY CAREFUL SETTING OF PRIORITIES AND ALLOCATION OF RESOURCES. MUCH OF THE PROVINCE'S DEVELOPMENT BUDGET DEPENDS UPON ALLOCATIONS BY THE CENTRAL GOVERNMENT. IN THIS RESPECT MINISTER MADE IT CLEAR THAT PUNJAB'S VOICE IN COUNCILS OF GOP IS EXPECTED TO BE QUITE EFFECTIVE IN SEEING THAT PROVINCE RECEIVES " DUE SHARE" OF NECESSARY ALLOCATIONS, AND IN ASSERTING PUNJABI

THINKING WITH REGARD TO NATIONAL DEVELOPMENTAL OBJECTIVES.
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